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## FISCAL IMPACT REPORT

<b>SPONSOR</b> <u>Romero, GA/Lane</u>	<b>LAST UPDATED</b> <u>2/26/23</u> <b>ORIGINAL DATE</b> <u>1/29/23</u>
<b>SHORT TITLE</b> <u>School Graduation Requirements</u>	<b>BILL NUMBER</b> <u>House Bill 126/aHF1#1</u>
<b>ANALYST</b> <u>Helms/Liu</u>	

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>			(\$57,469.9) - \$0.0	(\$57,469.9) - \$0.0	Recurring	Public School Operating Costs
<b>Total</b>			(\$645.5) - \$0.0	(\$645.5) - \$0.0	Recurring	Higher Education Operating Costs

Parentheses ( ) indicate expenditure decreases.  
 \*Amounts reflect most recent analysis of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Public Education Department (PED)  
 Higher Education Department (HED)  
 University of New Mexico (UNM)  
 New Mexico State University (NMSU)  
 Child, Youth and Families Department (CYFD)

## SUMMARY

### Synopsis of HFI#1 Amendment to House Bill 126

The House Floor amendment to House Bill 126 (HB126/aHF1#1) adds language to:

- Require that high schools offer Algebra II, maintaining access to the course even though the course is no longer a graduation requirement within the bill;
- Amend the name of a required social sciences course from “government and economics” to “government and economics and personal financial literacy;”
- Amend the term “world languages” to “languages other than English;”
- Require a high school to offer electives in financial literacy, computer science, student service learning, career technical education, and a sequence of languages other than English (defined as at least two sequenced courses); and
- To note that media literacy and pre-apprenticeship programs may be offered as electives.

## Synopsis of Original Bill

House Bill 126 (HB126) amends Section 22-12-1.1 NMSA 1978 to reduce overall graduation requirements from 24 hours to 22 hours for students entering the ninth grade beginning in the 2024-2025 school year and provides that districts and charters can choose to add additional requirements if desired. House Bill 126 adds a provision requiring each school district and charter school to develop a graduate profile unique to their community and for student next-step plans to align with said profiles. The bill requires PED to adopt and promulgate rules by December 31, 2023, and said rules must include revision to course offerings.

Changes to graduation requirements within HB126 compared to current requirements include:

- Mathematics units requiring Algebra I or equivalence, rather than Algebra II;
- Four elective units plus two additional units set by local administrators, rather than 7.5 total elective units; and
- Eliminating the requirements for an Advanced Placement, Honors, or Dual credit course.

Finally, HB126 includes new language encouraging schools to make available courses and programs of study supporting a range of postsecondary opportunities. HB126 also strikes the requirement for school districts to submit health education implementation plans to PED, establishes criteria for health education courses, and adds definitions of “capstone course” and “graduate profiles.”

## FISCAL IMPLICATIONS

The bill does not contain an appropriation; however, reducing the total number of required graduation course requirements could affect school staffing patterns, as the technical number of courses a student needs to take is lessened, resulting in potential cost savings for school districts and charter schools. LFC analysis notes the potential fiscal impact of high school students in the state taking fewer courses to graduate. Removing requirements for dual credit coursework could reduce enrollments at some institutions of higher education with high percentages of dual credit enrollment, thereby providing the most-impacted institutions with the same funding level for fewer course offerings. Of note, LFC analysis finds it likely that schools and institutions will most likely attempt to maintain current staffing levels and instead redirect and cost savings to address other operating costs, rather than consider right-sizing operations. As such, the fiscal impacts for FY25 are likely to be minimal – the range of cost savings in the tables reflects the potential ceiling of savings and long-term adjustments as the state switches to these new graduation requirements. Changes in graduation requirements would be staggered, as they would apply only to ninth grade students beginning high school in or after SY24-25, which would potentially provide time to schools and districts to accommodate any changes in courses or administrative guidance.

Given new language emphasizing preparing students for a variety of postsecondary school pathways, PED may need to develop guidelines – which have been and continue to be unspecified in statute – across 89 districts for any department-approved work-based learning or career technical education (CTE) courses that could meet state standards in science, mathematics, and English. While it could incur a cost to develop those guidelines, this would not be a change from current graduation requirements; work based learning or CTE units are already possible for English, mathematics, and science in current statute, provided they meet department standards. As these provisions have already existed in statute, there is no evidence that HB126

would significantly contribute to additional CTE or work-based learning course creation. Guidelines from PED on these existing courses could benefit districts and charters.

Analysis from University of New Mexico (UNM) and the Department of Higher Education (HED) notes possible costs in making additional remedial courses available at higher education institutions, should HB126/aHFI#1 catalyze a shift to work-based learning or CTE courses that still do not adequately provide needed preparedness in reading, science, and math.

It is possible more students pursuing Algebra-II related pathways would need guidance from high school staff to understand implications of that course for future careers, and without that guidance, would have an increased likelihood of taking these courses at the post-secondary level. However, LFC analysis notes it is unlikely a student's course pathways would overwhelmingly change from current pathways, as a diploma as defined in HB126 still requires a sequence of three English units (out of four total units), a sequence of two math units (to include Algebra I and geometry, out of four total units), and three science units to include two courses with a laboratory component.

## **SIGNIFICANT ISSUES**

The increased flexibility of a reduction in total unit requirements and changes to the mathematics pathway removing Algebra II as a barrier to graduation could result in more students graduating from high school. For students who pursue any postsecondary pathways where calculus is required, they would need to take college-level algebra and pre-calculus. This could adversely affect students who want to pursue some pathways (primarily STEM-related fields where a student would benefit from preparedness for higher-level math courses and science courses requiring some calculus) and result in increased remediation for students who want to choose those pathways.

HB126/aHFI#1 emphasizes some additional local control in the form of developing a graduate profile – which, though required in the bill, is not currently required to be sent to PED for approval – and district or charter school governing body approval for two additional units at their discretion. These changes in the bill could create flexibility but could also lead to variability in quality of implementation or follow-through across districts and charters.

Concerns about student preparedness are relevant for outcomes of the *Martinez-Yazzie* lawsuit. A lack of preparedness for college and career pathways is among primary allegations of ways public schools have failed to provide a constitutionally required sufficient education. Changing graduation requirements, even if overall beneficial, could nonetheless create a vulnerability in the lawsuit; however, increased flexibility in electives, units determined by local school boards or the governing body of a charter school, and an ongoing provision for some CTE courses to satisfy core academic subject areas (English, mathematics, and science) may all potentially increase student awareness of a technical career track and increase student interest in postsecondary technical careers leading to an increase in workforce preparedness.

PED analysis includes some concern for HB126, noting:

Reducing the number of high school graduation credits...has raised concerns at a time when New Mexico ranks at the bottom of student proficiency nationally. At least one recent study found that increased high school graduation requirements can improve access to college by increasing enrollment in advanced courses, particularly for math and

science. A California study of these impacts found these outcomes pronounced for students of color and in high-poverty and high-need schools.

A 2016 report by the Center for Public Education (CPE) assessed the outcomes of high school graduates not attending college and found high schools must ensure students complete a rigorous curriculum that includes math at least through Algebra II, or its equivalent, and high-level lab sciences to ensure students are college and career ready. Reducing math requirements to only extend to Algebra I does not follow this recommendation. CPE also recommends students have access to modern CTE programs focused on building knowledge and skills in a specific labor market field, and guidance counselors should play an essential role in communicating varied options to students. CPE writes “life doesn’t always go to plan,” where rigorous curriculum is important to give students options after high school.

Some employers may benefit from a potential increase in work-based and career and technical education courses and electives to recruit and develop high school graduates. However, work-based learning or CTE partnerships with potential employers must have the best interest of student in mind, and any changes in graduation requirements should not create incentives to create work-based learning partnerships that have greater benefit for employers than for a variety of student pathways or long-term student success and flexibility outside of a potential employers’ needed skill set. If CTE and work-based learning partnerships began to be more commonplace in schools, PED may need to consider protections and guidance for students to ensure all pathways feel available to them.

HB126/aHFI#1 strikes the requirement to take a dual credit, Advanced Placement, or honors course for one credit. It is possible Higher Education Institutions (HEIs) and tribal colleges in New Mexico would need to review their existing dual credit agreements with any school, charter, or district. As some community colleges rely on dual credit enrollment to buoy enrollment numbers and receive funding through the higher education funding formula, this could impact ongoing funding for those schools relying on dual enrollment students.

It is also possible removing the requirement for dual credit would better create a system where dual credit remains in those schools and districts where it is truly needed for student benefit and is desired by students and teachers (rather than remaining in schools or districts only because it is an aspect of satisfying graduation requirements). It is unclear if removing the Advanced Placement, honors, and dual-credit requirement would lead to a significant loss in dual-credit students. According to HED data, nearly 60 percent of dual-credit courses stem from students already taking more than one dual credit course, which could demonstrate students who most engage in dual-credit have interest in dual-credit outside of graduation requirements.

## **ADMINISTRATIVE IMPLICATIONS**

PED will need to communicate new graduation requirements to districts and provide technical assistance for any changes occurring with districts and charters in order to meet new graduation requirements, primarily in adjusting math requirements or reorganizing elective requirements. Aside from changing math requirements (holding math units steady at four units but changing the required pathway from Algebra II to instead emphasize Algebra I and geometry), the bill changes elective requirements from an overall 7.5 units to four elective units “with a two-unit pathway concentration of the student’s choice in world language, fine arts, health, military career preparation, career technical education, community learning or a capstone course or work-based

learning.” An additional two units are to be set by local school boards or governing bodies of charter schools.

Districts and charters are also required to create graduate profiles specific to their community and to determine two of the graduation units at their discretion, potentially incurring administrative costs for this increase in local flexibility over graduation requirements.

CYFD analysis notes, “Additional educational services and support may be necessary to ensure children in foster care transferring districts or schools do not suffer from differing educational standards between districts. The administrative burden of assessing juvenile justice educational offerings and implementing new systems may require additional resources.”

## **RELATIONSHIP**

The study of dual credit proposed in HB125 could help to redefine the role of dual credit for high school students.

## **TECHNICAL ISSUES**

UNM analysis notes the definition of a Next Step Plan in HB126/aHFI#1, section V.(9) still states that one or more of the below courses should be included in a student’s Next Step Plan. As the bill no longer requires an Advanced Placement, honors, or dual-credit course to graduate, this language could be clarified to say these options are encouraged but not required. Additional analysis from the Legislative Education Study Committee notes Next Step Plans are designed as an aid to help students plan coursework and college or career readiness, but a student is not required to follow a Next Step Plan.

## **OTHER SUBSTANTIVE ISSUES**

CYFD analysis notes changes in graduation requirements may have adverse impacts on children in foster care:

As children in foster care often face at least one, and sometimes more than five, school changes during their time in care, any change in graduation eligibility expectations between schools will have an additional adverse effect on their progress through secondary school. Under the current system, only 46 percent of high school students in foster care graduate with a diploma at the four-year mark. CYFD anticipates that this number will decrease if school districts and charter schools elect to require more than the minimum required number of units for a diploma.

Prior HED analysis on changes in graduation requirements notes many rural public community colleges in New Mexico serve a large number of dual credit students; in some cases over half of the institution’s head count enrollment is comprised of dual credit students. It is unknown how this change in graduation requirements would affect dual credit enrollments at these institutions, but if these courses are no longer required as one of the criteria for high school graduation, then some decline in dual credit enrollment is possible. Not requiring a dual-credit course may also help schools and colleges revise MOUs to ensure courses offered are most beneficial and most engaging to students.